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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY**

In re:	:	Case No. 08-14631 (GMB)
	:	(Jointly Administered)
Shapes/Arch Holdings L.L.C., et al.	:	
	:	Chapter 11
Debtors	:	
	:	Hearing Date: November 3, 2008 at 11:30 a.m.

**UNITED STATES' JOINDER IN DEBTORS' MOTION FOR APPROVAL
OF SETTLEMENT WITH THE ENVIRONMENTAL PROTECTION AGENCY**

The United States hereby joins the motion of Shapes/Arch Holdings L.L.C. and its related entities (the "Debtors") for approval of the proposed Settlement Agreement among the United States, on behalf of U.S. Environmental Protection Agency ("EPA"), and the Debtors, relating to certain liabilities under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601 et seq.

Pursuant to the proposed Settlement Agreement, the Debtors have agreed to pay \$811,924 to EPA with respect to six Liquidated Sites. The \$811,924 amount represents the following amounts for four of the Liquidated Sites: the Swope Oil Site in Pennsauken, NJ - \$375,000, the D'Imperio Superfund Site in Hamilton Township, NJ - \$149,506, the Ewan

Superfund Site in Shamong Township, NJ - \$62,418, and the Lightman Drum Company Site in Winslow Township, NJ - \$225,000. These amounts were arrived at on a site-by-site basis taking into account, for each site, the total past costs, the total expected future costs, the amounts already paid by the Debtors, the equitable share of the Debtors, and any litigation risk associated with the United States' claim. The Agreement also covers two additional Liquidated Sites - the Chemical Control Corporation Site in Elizabeth, NJ and the Berks Associates/Douglassville Disposal Site in Douglassville, PA - for no payment amount, as a result of prior settlements for those sites entered into by the Debtors. EPA has agreed not to bring an action against the Debtors with respect to the six Liquidated Sites under Section 106 or 107 of CERCLA, 42 U.S.C. §§ 9606 and 9607. The proposed Settlement Agreement also provides that the Puchack Wellfield Site in Pennshauken, NJ will be treated as a discharged site under Section 1141 of the Bankruptcy Code, 11 U.S.C. § 1141.

On September 11, 2008, the Debtors filed an Amended Motion, pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, seeking the Court's approval of the proposed Settlement Agreement. The United States published a notice of the proposed Settlement Agreement in the Federal Register on September 23, 2008, and invited the public to comment on the settlement for a period of thirty days. 73 Fed. Reg. 54856 (September 23, 2008). The United States received no public comments on the proposed Settlement Agreement.

The United States believes that the proposed Settlement Agreement is fair and reasonable and consistent with CERCLA. United States v. Southeastern Pa. Transp. Auth., 235 F.3d 817, 823 (3d Cir. 2000); United States v. Akzo Coatings of America, Inc., 949 F.2d 1409, 1424, 1426 (6th Cir. 1991); United States v. Cannons Engineering Corp., 899 F.2d 79, 84 (1st Cir. 1990);

United States v. Hercules, Inc., 961 F.2d 796, 800 (8th Cir. 1992). The terms of the settlements for the Liquidated Sites meet the required standard of being "roughly correlated with, some acceptable measure of comparative fault, apportioning liability [to the Debtors] according to rational (if necessarily imprecise) estimates" of their fair share of liability for a site. See Cannons Engineering, 899 F.2d at 87. In addition, for two of the Liquidated Sites, as discussed above, the terms of the proposed Settlement Agreement appropriately take into account that EPA has previously entered into settlements with the Debtors for those sites and therefore allows the Debtors to settle those sites for no additional payment. The settlement avoids the need for protracted and expensive litigation and adjudication of the factual and legal issues. Approval of the proposed Settlement Agreement would be in accordance with the well-established policy of encouraging settlement of environmental cases. See, e.g., 42 U.S.C. § 9622(a); United States v. Alcan Aluminum, Inc., 25 F.3d 1174, 1184 (3d Cir. 1994); Aetna Casualty & Surety Co. v. Pintler, 948 F.2d 1507, 1517 (9th Cir. 1991).

WHEREFORE, the United States joins in Debtors' request that the Court approve the proposed Settlement Agreement.

Respectfully submitted,

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